

2017

Town of Old Orchard Beach Maine Annual Financial Report For the Year Ended June 30, 2017

Old Orchard Beach, Me.

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Audited Financial Information and
Other Supplementary Material

Town of Old Orchard Beach, Maine

June 30, 2017



Proven Expertise and Integrity

TOWN OF OLD ORCHARD BEACH, MAINE

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JUNE 30, 2017

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INDEPENDENT AUDITORS' REPORT

Town Council
Town of Old Orchard Beach
Old Orchard Beach, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Old Orchard Beach, Maine, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town of Old Orchard Beach, Maine's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Old Orchard Beach, Maine as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension related information on pages 4 through 11 and 57 through 60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Old Orchard Beach, Maine's basic financial statements. The Schedule of Revenues - Budget and Actual - General Fund, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Revenues - Budget and Actual - General Fund, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Revenues - Budget and Actual - General Fund, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2017, on our consideration of the Town of Old Orchard Beach, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Old Orchard Beach, Maine's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
December 13, 2017

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

(UNAUDITED)

The following management's discussion and analysis of Town of Old Orchard Beach, Maine's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2017. Please read it in conjunction with the Town of Old Orchard Beach, Maine's financial statements.

Financial Statement Overview

The Town of Old Orchard Beach's basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes required supplementary information which consists of the general fund budgetary comparison schedule, pension-related schedules, and other supplementary information which includes combining and other schedules.

Basic Financial Statements

The basic financial statements include financial information in two differing views: the government-wide financial statements and the fund financial statements. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

Government-Wide Financial Statements

The government-wide financial statements provide a broad view of the Town's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regards to the Town's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following two statements:

The Statement of Net Position – this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

The Statement of Activities – this statement presents information that shows how the government's net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Both of the above mentioned financial statements have separate columns for the two different types of town activities. The types of activities presented for the Town of Old Orchard Beach are:

- *Governmental activities* – The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). Most of the Town's basic services are reported in governmental activities, which include general government, public works, sanitation, recreation, culture and agencies, education, health and welfare, other.
- *Business-type activities* – These activities are normally intended to recover all or a significant portion of their costs through user fees and/or charges to external users for goods and/or services. These activities for the Town of Old Orchard Beach include the Ballpark fund.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Old Orchard Beach, like other local governments uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Town of Old Orchard Beach can be divided into two categories: governmental funds and proprietary funds.

Governmental funds: Most of the basic services provided by the Town are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balance of spendable resources available at the end of the fiscal year. Such information will be useful in evaluating the government's near-term financing requirements. This approach is known as the current financial resources measurement focus and the modified accrual basis of accounting. Under this approach revenues are recorded when cash is received or when susceptible to accrual. Expenditures are recorded when liabilities are incurred and due. These statements provide a detailed short-term view of the Town's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the Town.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The Town of Old Orchard Beach presents two columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The Town's major governmental fund is the general fund. All other funds are shown as nonmajor and are combined in the "Nonmajor Funds" column on these statements.

The general fund is the only fund for which the Town legally adopted a budget. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

Proprietary Funds: The Town of Old Orchard Beach maintains one proprietary fund, the Ballpark fund. These funds are used to show activities that operate more like those of commercial enterprises. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. No reconciliation is needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Statement of Cash Flows - Proprietary Funds.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund, Schedule of Proportionate Share of the Net Pension Liability, Schedule of Contributions and Notes to Required Supplementary Information.

Other Supplementary Information

Other supplementary information follows the required supplementary information. These combining and other schedules provide information in regards to nonmajor funds, capital asset activity and other detailed budgetary information for the general fund.

Government-Wide Financial Analysis

Our analysis below focuses on the net position, and changes in net position of the Town's governmental and business-type activities. The Town's total net position for governmental funds was \$17.56 million compared to \$16.74 million in the prior year, an increase of \$823,844. For the business-type activities total net position was \$200,276 as compared to \$217,316 in the prior year, a decrease of \$17,040.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was \$6.28 million at the end of this year for governmental activities and a deficit of \$21,237 for the business-type activities.

Table 1
Town of Old Orchard Beach, Maine
Net Position
June 30,

	Governmental Activities		Business-type Activities	
	2017	2016 (Restated)	2017	2016
Assets:				
Current and Other Assets	\$ 12,179,900	\$ 11,537,083	\$ (21,237)	\$ (21,237)
Capital Assets	20,971,805	20,725,386	221,513	238,553
Total Assets	<u>33,151,705</u>	<u>32,262,469</u>	<u>200,276</u>	<u>217,316</u>
Deferred Outflows of Resources	<u>2,555,883</u>	<u>1,591,717</u>	<u>-</u>	<u>-</u>
Liabilities:				
Current Liabilities	2,174,833	2,380,386	-	-
Long-Term Debt Outstanding	14,831,728	13,192,044	-	-
Total Liabilities	<u>17,006,561</u>	<u>15,572,430</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources	<u>1,137,537</u>	<u>1,542,110</u>	<u>-</u>	<u>-</u>
Net Position:				
Net Investment in Capital Assets	10,813,392	10,668,609	221,513	238,553
Restricted	470,740	623,566	-	-
Unrestricted (deficit)	6,279,358	5,447,471	(21,237)	(21,237)
Total Net Position	<u>\$ 17,563,490</u>	<u>\$ 16,739,646</u>	<u>\$ 200,276</u>	<u>\$ 217,316</u>

Table 2
Town of Old Orchard Beach, Maine
Change in Net Position
For the Years Ended June 30,

	Governmental Activities		Business-type Activities	
	2017	2016	2017	2016
Revenues				
<i>Program Revenues:</i>				
Charges for services	\$ 1,948,410	\$ 1,934,347	\$ -	\$ -
Operating grants and contributions	429,212	41,449	-	-
Capital grants and contributions	55,900	56,156	-	-
<i>General Revenues:</i>				
Taxes	26,207,096	25,049,925	-	-
Grants and contributions not restricted to specific programs	647,915	628,754	-	-
Investment income	48,449	39,695	-	-
Miscellaneous	57,538	46,292	-	-
Total Revenues	<u>29,394,520</u>	<u>27,796,618</u>	<u>-</u>	<u>-</u>
Expenses				
General government	4,574,742	4,415,884	-	-
Public works	2,022,970	1,860,541	-	-
Sanitation	2,188,601	2,044,377	-	-
Public safety	5,312,889	4,751,466	-	-
Recreation, culture and agencies	1,081,193	1,147,396	-	-
Health and welfare	77,962	61,277	-	-
Education	11,871,271	11,341,558	-	-
County tax	933,175	906,712	-	-
Tax abatements/overlay	3,709	33,084	-	-
Program expenses	16,272	-	-	-
Capital outlay	177,092	262,169	-	-
Interest on long-term debt	310,800	227,704	-	-
Enterprise funds	-	-	17,040	17,039
Total Expenses	<u>28,570,676</u>	<u>27,052,168</u>	<u>17,040</u>	<u>17,039</u>
Change in Net Position	823,844	744,450	(17,040)	(17,039)
Net Position - July 1, Restated	<u>16,739,646</u>	<u>15,995,196</u>	<u>217,316</u>	<u>234,355</u>
Net Position - June 30	<u>\$ 17,563,490</u>	<u>\$ 16,739,646</u>	<u>\$ 200,276</u>	<u>\$ 217,316</u>

Revenues and Expenses

Revenues for the Town's governmental activities increased by \$1,597,902, while total expenses increased by \$1,518,508. The biggest increases in expenses were in public safety, education and capital outlay while the biggest increase in revenues was in tax revenue.

Expenses for the Town's proprietary funds were consistent, as the only item of expense was depreciation.

Financial Analysis of the Town's Fund Statements

Governmental funds: The financial reporting focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information may be useful in assessing the Town's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's financial position at the end of the year, and the net resources available for spending.

Table 3
Town of Old Orchard Beach, Maine
Fund Balances - Governmental Funds
June 30,

	<u>2017</u>	<u>2016</u>
Major Funds:		
General Fund:		
Nonspendable	\$ 74,052	\$ 59,544
Assigned	550,000	550,000
Unassigned	6,035,970	5,172,555
Total Major Funds	<u>\$ 6,660,022</u>	<u>\$ 5,782,099</u>
Nonmajor Funds:		
Special revenue funds:		
Restricted	\$ 18,037	\$ 12,206
Committed	1,141,094	1,040,507
Unassigned	(17,631)	(9,085)
Capital projects funds:		
Restricted	452,703	611,360
Committed	1,744,212	1,474,695
Assigned	2,526	2,526
Unassigned	(159,144)	(4,275)
Total Nonmajor Funds	<u>\$ 3,181,797</u>	<u>\$ 3,127,934</u>

The general fund total fund balance increased by \$877,923 from the prior fiscal year. The nonmajor funds total fund balances increased by \$53,863 from the prior fiscal

year. The general fund increased due to certain revenue categories being over budget. The increase in nonmajor funds was primarily due to charges for services.

Proprietary funds: The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The ballpark fund had an operating loss of \$17,040.

Budgetary Highlights

There were significant differences between the original and final budget for the general fund. These differences were budget adjustments done by the Town for special town meetings or adjustments between departments as well as use of assigned fund balance.

The general fund actual revenues exceeded budget by \$587,817. This was primarily due to greater than expected revenues received on taxes, licenses and permits and intergovernmental revenues.

The general fund actual expenditures were under the budget by \$1,119,749. All expenditure categories finished within or were under budget with the exception of sanitation.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2017, the net book value of capital assets recorded by the Town increased by \$229,379. The increase was due to current year additions and depreciation expense. Refer to Note 4 of Notes to Financial Statements for additional information.

Table 4
Town of Old Orchard Beach, Maine
Capital Assets (Net of Depreciation)
June 30,

	<u>2017</u>	<u>2016</u>
Land and improvements	\$ 856,917	\$ 873,957
Buildings and improvements	7,026,440	6,847,344
Machinery and equipment	1,434,776	1,407,203
Vehicles	2,825,051	2,582,820
Infrastructure	8,229,073	8,431,554
Construction in progress	<u>821,061</u>	<u>821,061</u>
Total	<u>\$ 21,193,318</u>	<u>\$ 20,963,939</u>

Debt

At June 30, 2017, the Town had \$9.3 million in bonds outstanding versus \$9.7 million last year, a decrease of 4.0%. Other obligations include capital leases payable, accrued landfill costs, accrued vacation and sick time, net pension liability and accrued other post-employment benefits. Refer to Note 5 of Notes to Financial Statements for more detailed information.

Economic Factors and Next Year's Budgets and Rates

The Town has steadily maintained a sufficient unassigned fund balance to sustain government operations for a period of approximately two months, while also maintaining significant reserve accounts for future capital and program needs.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Finance Department at 1 Portland Road, Old Orchard Beach, Maine 04064.

TOWN OF OLD ORCHARD BEACH, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 7,474,342	\$ -	\$ 7,474,342
Investments	2,893,699	-	2,893,699
Accounts receivable (net of allowance for uncollectibles):			
Taxes	469,750	-	469,750
Tax liens	1,096,720	-	1,096,720
Other	150,100	-	150,100
Inventory	72,332	-	72,332
Prepaid items	1,720	-	1,720
Internal balances	21,237	(21,237)	-
Total current assets	12,179,900	(21,237)	12,158,663
Noncurrent assets:			
Capital assets:			
Land and other assets not being depreciated	1,456,465	-	1,456,465
Buildings, vehicles, machinery and equipment and infrastructure, net of accumulated depreciation	19,515,340	221,513	19,736,853
Total noncurrent assets	20,971,805	221,513	21,193,318
TOTAL ASSETS	33,151,705	200,276	33,351,981
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	2,555,883	-	2,555,883
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,555,883	-	2,555,883
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 35,707,588</u>	<u>\$ 200,276</u>	<u>\$ 35,907,864</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 237,968	\$ -	\$ 237,968
Due to other governments	9,563	-	9,563
Accrued expenses	261,849	-	261,849
Other liabilities	495,758	-	495,758
Current portion of long-term obligations	1,169,695	-	1,169,695
Total current liabilities	2,174,833	-	2,174,833
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	8,397,380	-	8,397,380
Capital leases	597,338	-	597,338
Accrued landfill costs	66,000	-	66,000
Accrued compensated absences	1,130,588	-	1,130,588
Net pension liability	4,361,763	-	4,361,763
Other postemployment benefits liability	278,659	-	278,659
Total noncurrent liabilities	14,831,728	-	14,831,728
TOTAL LIABILITIES	17,006,561	-	17,006,561
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	1,137,537	-	1,137,537
TOTAL DEFERRED INFLOWS OF RESOURCES	1,137,537	-	1,137,537
NET POSITION			
Net investment in capital assets	10,813,392	221,513	11,034,905
Restricted	470,740	-	470,740
Unrestricted (deficit)	6,279,358	(21,237)	6,258,121
TOTAL NET POSITION	17,563,490	200,276	17,763,766
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 35,707,588</u>	<u>\$ 200,276</u>	<u>\$ 35,907,864</u>

See accompanying independent auditors' report and notes to financial statements.

STATEMENT B

TOWN OF OLD ORCHARD BEACH, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities:							
General government	\$ 4,574,742	\$ 371,701	\$ -	\$ -	\$ (4,203,041)	\$ -	\$ (4,203,041)
Public works	2,022,970	-	-	55,900	(1,967,070)	-	(1,967,070)
Sanitation	2,188,601	204,191	-	-	(1,984,410)	-	(1,984,410)
Public safety	5,312,889	518,437	429,212	-	(4,365,240)	-	(4,365,240)
Recreation, culture and agencies	1,081,193	854,081	-	-	(227,112)	-	(227,112)
Health and welfare	77,962	-	-	-	(77,962)	-	(77,962)
Education	11,871,271	-	-	-	(11,871,271)	-	(11,871,271)
County tax	933,175	-	-	-	(933,175)	-	(933,175)
Tax abatements/overlay	3,709	-	-	-	(3,709)	-	(3,709)
Program expenses	16,272	-	-	-	(16,272)	-	(16,272)
Capital outlay	177,092	-	-	-	(177,092)	-	(177,092)
Interest on long-term debt	310,800	-	-	-	(310,800)	-	(310,800)
Total governmental activities	<u>28,570,676</u>	<u>1,948,410</u>	<u>429,212</u>	<u>55,900</u>	<u>(26,137,154)</u>	<u>-</u>	<u>(26,137,154)</u>
Business-type activities:							
Ballpark	17,040	-	-	-	-	(17,040)	(17,040)
Total business-type activities	<u>17,040</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(17,040)</u>	<u>(17,040)</u>
Total government	<u>\$ 28,587,716</u>	<u>\$ 1,948,410</u>	<u>\$ 429,212</u>	<u>\$ 55,900</u>	<u>(26,137,154)</u>	<u>(17,040)</u>	<u>(26,154,194)</u>

STATEMENT B (CONTINUED)
TOWN OF OLD ORCHARD BEACH, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	Governmental Activities	Business- type Activities	Total
Changes in net position:			
Net (expense) revenue	(26,137,154)	(17,040)	(26,154,194)
General revenues:			
Taxes:			
Property taxes, levied for general purposes	24,532,820	-	24,532,820
Excise taxes	1,674,276	-	1,674,276
Grants and contributions not restricted to specific programs	647,915	-	647,915
Investment income	48,449	-	48,449
Miscellaneous	57,538	-	57,538
Total general revenues	26,960,998	-	26,960,998
Change in net position	823,844	(17,040)	806,804
NET POSITION - JULY 1, RESTATED	16,739,646	217,316	16,956,962
NET POSITION - JUNE 30	\$ 17,563,490	\$ 200,276	\$ 17,763,766

See accompanying independent auditors' report and notes to financial statements.

STATEMENT C

TOWN OF OLD ORCHARD BEACH, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017

	General Fund	Nonmajor Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 7,474,342	\$ -	\$ 7,474,342
Investments	2,893,699	-	2,893,699
Accounts receivable (net of allowance for uncollectibles):			
Taxes	469,750	-	469,750
Tax liens	1,096,720	-	1,096,720
Other	66,730	83,370	150,100
Inventory	72,332	-	72,332
Prepaid items	1,720	-	1,720
Due from other funds	196,524	3,353,504	3,550,028
TOTAL ASSETS	<u>\$ 12,271,817</u>	<u>\$ 3,436,874</u>	<u>\$ 15,708,691</u>
LIABILITIES			
Accounts payable	\$ 158,178	\$ 79,790	\$ 237,968
Accrued payroll and related liabilities	199,322	-	199,322
Due to other governments	9,563	-	9,563
Other liabilities	495,758	-	495,758
Due to other funds	3,353,504	175,287	3,528,791
TOTAL LIABILITIES	<u>4,216,325</u>	<u>255,077</u>	<u>4,471,402</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes	1,395,470	-	1,395,470
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,395,470</u>	<u>-</u>	<u>1,395,470</u>
FUND BALANCES			
Nonspendable	74,052	-	74,052
Restricted	-	470,740	470,740
Committed	-	2,885,306	2,885,306
Assigned	550,000	2,526	552,526
Unassigned	6,035,970	(176,775)	5,859,195
TOTAL FUND BALANCES	<u>6,660,022</u>	<u>3,181,797</u>	<u>9,841,819</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 12,271,817</u>	<u>\$ 3,436,874</u>	<u>\$ 15,708,691</u>

See accompanying independent auditors' report and notes to financial statements.

STATEMENT D

TOWN OF OLD ORCHARD BEACH, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

	Total Governmental Funds
Total Fund Balances	\$ 9,841,819
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	20,971,805
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	1,395,470
Deferred outflows of resources are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Deferred outflows related to pensions	2,555,883
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(9,327,960)
Capital leases	(830,453)
Accrued interest	(62,527)
Accrued landfill expenses	(72,000)
Accrued compensated absences	(1,130,588)
Net pension liability	(4,361,763)
Other post employment benefits	(278,659)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	<u>(1,137,537)</u>
Net position of governmental activities	<u>\$ 17,563,490</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF OLD ORCHARD BEACH, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	General Fund	Nonmajor Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 26,132,856	\$ -	\$ 26,132,856
Licenses and permits	1,013,177	-	1,013,177
Intergovernmental	1,092,769	40,258	1,133,027
Other charges for services	-	935,233	935,233
Investment income	48,449	-	48,449
Unclassified	20,151	37,387	57,538
TOTAL REVENUES	<u>28,307,402</u>	<u>1,012,878</u>	<u>29,320,280</u>
EXPENDITURES			
Current:			
General government	4,183,561	30,604	4,214,165
Public works	1,442,199	-	1,442,199
Sanitation	1,743,000	-	1,743,000
Public safety	4,823,825	19,310	4,843,135
Recreation, culture and agencies	683,842	321,503	1,005,345
Health and welfare	77,962	-	77,962
Education	11,871,271	-	11,871,271
County tax	933,175	-	933,175
Tax abatements/ overlay	3,709	-	3,709
Program expenses	-	16,272	16,272
Debt service:			
Principal	788,590	-	788,590
Interest	296,857	-	296,857
Equipment replacement	252,652	-	252,652
Capital outlay	-	1,300,162	1,300,162
TOTAL EXPENDITURES	<u>27,100,643</u>	<u>1,687,851</u>	<u>28,788,494</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>1,206,759</u>	<u>(674,973)</u>	<u>531,786</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from long term debt	-	400,000	400,000
Transfers in	833,000	1,153,836	1,986,836
Transfers (out)	(1,161,836)	(825,000)	(1,986,836)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(328,836)</u>	<u>728,836</u>	<u>400,000</u>
NET CHANGE IN FUND BALANCES	877,923	53,863	931,786
FUND BALANCES - JULY 1	<u>5,782,099</u>	<u>3,127,934</u>	<u>8,910,033</u>
FUND BALANCES - JUNE 30	<u>\$ 6,660,022</u>	<u>\$ 3,181,797</u>	<u>\$ 9,841,819</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF OLD ORCHARD BEACH, MAINE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 931,786</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	1,925,616
Capital asset disposals (net)	(59,668)
Depreciation expense	<u>(1,619,529)</u>
	<u>246,419</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported.	
Taxes and liens receivable	<u>74,240</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds.	<u>964,166</u>
Debt proceeds provide current financial resources to governmental funds, but long-term liabilities in the Statement of Net Position.	<u>(1,186,876)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	<u>1,085,240</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds.	<u>404,573</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued interest	(13,943)
Accrued landfill costs	6,000
Accrued compensated absences	(46,927)
Net pension liability	(1,602,957)
Other post employment benefits	<u>(37,877)</u>
Change in net position of governmental activities (Statement B)	<u>\$ 823,844</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF OLD ORCHARD BEACH, MAINE

BALANCE SHEET – PROPRIETARY FUNDS

JUNE 30, 2017

	Enterprise Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ -
Total current assets	<u>-</u>
Noncurrent assets:	
Capital assets:	
Land improvements	992,050
Machinery and equipment	1,200
Less: accumulated depreciation	<u>(771,737)</u>
Net capital assets	<u>221,513</u>
Total noncurrent assets	<u>221,513</u>
TOTAL ASSETS	<u><u>\$ 221,513</u></u>
LIABILITIES AND NET POSITION	
Current liabilities:	
Due to other funds	\$ 21,237
Total current liabilities	<u>21,237</u>
TOTAL LIABILITIES	<u>21,237</u>
NET POSITION	
Net investment in capital assets	221,513
Unrestricted	<u>(21,237)</u>
TOTAL NET POSITION	<u>200,276</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 221,513</u></u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF OLD ORCHARD BEACH, MAINE

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	Enterprise Fund
OPERATING REVENUES	
Charges for services	\$ -
TOTAL OPERATING REVENUES	<u>-</u>
OPERATING EXPENSES	
Depreciation	17,040
TOTAL OPERATING EXPENSES	<u>17,040</u>
OPERATING INCOME (LOSS)	<u>(17,040)</u>
NONOPERATING INCOME (EXPENSE)	
Investment income	-
Interest expense	-
TOTAL NONOPERATING INCOME (EXPENSE)	<u>-</u>
CHANGE IN NET POSITION	(17,040)
NET POSITION - JULY 1	<u>217,316</u>
NET POSITION - JUNE 30	<u><u>\$ 200,276</u></u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF OLD ORCHARD BEACH, MAINE

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ -
Other receipts	-
Payments to employees	-
Payments to suppliers	-
Net cash provided (used) by operating activities	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Interest payments on bond payable	-
Payments for purchases of capital assets	-
Principal payments on bond payable	-
Proceeds from new bond	-
Net cash provided (used) by capital and related financing activities	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>-</u>
CASH AND CASH EQUIVALENTS - JULY 1	<u>-</u>
CASH AND CASH EQUIVALENTS - JUNE 30	<u><u>\$ -</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (loss) and other financing	\$ (17,040)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation and expense	17,040
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ -</u></u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Old Orchard Beach was incorporated under the laws of the State of Maine. The Town operates under the council-manager form of government and provides the following services: general government services, town services and public safety, public works, health and welfare, community services, planning and development, insurance and employee benefits, waste management, education, and other.

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The Town's combined financial statements include all accounts and all operations of the Town. We have determined that the Town has no component units as described in GASB Statement No. 14 and amended by GASB Statements No. 39 and No. 61.

Implementation of New Accounting Standards

During the year ended June 30, 2017, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 73, "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*". The objective of the Statement is to improve financial reporting by instituting a single framework for the presentation of information about pensions, thereby expanding the comparability of pension-related information reported by state and local governments. Management has determined that this Statement is not applicable.

Statement No. 74, "*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*". The objective of the Statement is to improve the disclosure of information about benefits other than pensions (other postemployment benefits or OPEB) included in financial statements of state and local governments. This Statement will improve financial reporting through enhanced note disclosures and schedules of required supplementary information that will be presented by OPEB plans that are administered through trusts that meet specified criteria. Management has determined the impact of this Statement is not material to the financial statements.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 77, "*Tax Abatement Disclosures*". The objective of the Statement is to improve disclosure of information about the nature and magnitude of tax abatements, making these transactions more transparent to financial statement users. As such, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 80, "*Blending Requirements for Certain Component Units*". The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 81, "*Irrevocable Split-Interest Agreements*". The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. Split-interest agreements can be created through trusts or other legally enforceable agreements with characteristics that are equivalent to split-interest agreements - in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. Examples of these types of agreements include charitable lead trusts, charitable remainder trusts, and life-interests in real estate. As such, this Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 82, "*Pension Issues*". The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. Management has determined the impact of this Statement is not material to the financial statements.

Government-Wide and Fund Financial Statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds).

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's Ballpark fund is categorized as a business-type activity. All other activities of the Town are categorized as governmental.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts - invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions and business-type activities (general government, public safety, etc.). The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

The net costs (by function) are normally covered by general revenue (taxes, certain intergovernmental revenues and charges for services, etc.).

The Town does not allocate indirect costs. All costs are charged directly to the corresponding department.

The government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus - Basic Financial Statements & Fund Financial Statements

The financial transactions of the Town are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The following fund types are used by the Town:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town:

Major Funds

- a. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Nonmajor Funds

- b. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- c. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.

2. Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Operating revenues include charges for services, intergovernmental reimbursements and other miscellaneous fees which are a direct result of the proprietary activity. Non-operating revenues are any revenues which are generated outside of the general proprietary activity, i.e. interest income. The following is a description of the proprietary funds of the Town:

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- a. Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) established fees and charges based on a pricing policy designed to recover similar costs.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column, GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

1. Accrual

Governmental activities in the government-wide financial statements and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budget

The Town's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

The following procedures are followed in establishing budgetary data reflected in the financial statements:

1. Early in the second half of the year the Town prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Town Council was called for the purpose of adopting the proposed budget after public notice of the meeting was given.
3. The budget was adopted subsequent to passage by the Town Council.
4. The Town does not adopt budgets for Special Revenue Funds.

Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. The Town Treasurer is authorized by State Statutes to invest all excess funds in the following:

- Obligations of the U.S. Government, its agencies and instrumentalities.
- Certificates of deposits and other evidences of deposits at banks, savings and loan associations, and credit unions.
- Repurchase agreements
- Money market mutual funds

The Town of Old Orchard Beach adopted a formal investment policy on June 17, 2015.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories and Prepaid Items

Inventories consist of expendable supplies held for consumption and are valued at cost. Under the consumption method, the costs of inventory items are recognized as expenditures when used. In the general fund, inventory consists of vehicle fuel and trash bags.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances".

Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

Receivables

Receivables include amounts due from governmental agencies. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. Allowances for uncollectible accounts netted with accounts receivable were \$107,100 for the year ended June 30, 2017. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2017.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals, and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated fixed assets are valued at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

Infrastructure assets include roads, bridges, underground pipe (other than related to independently owned utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town. The Town has not retroactively recorded infrastructure.

Estimated useful lives are as follows:

Buildings	20 - 50 years
Infrastructure	50 - 100 years
Machinery and equipment	3 - 50 years
Vehicles	3 - 25 years

Long-term Obligations

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in government-wide statements. The long-term debt consists primarily of bonds payable, capital leases payable, landfill closure costs, compensated absences, net pension liability and other post-employment benefits costs.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

Compensated Absences

The Town's policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation time. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2017, the Town's liability for compensated absences is \$1,130,588.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Participating Local District (PLD) Consolidated Plan and additions to/deductions from the PLD Consolidated Plan's fiduciary net position have been determined on the same basis as they are reported by the PLD Consolidated Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has one type of item, deferred outflows related to pensions. This item is reported in the statement of net position.

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has only one type of item, deferred tax revenues, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. Deferred inflows related to pensions also qualifies for reporting in this category. Deferred inflows related to pensions is only reported in the statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

Nonspendable – This includes amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted – This includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the Town. The inhabitants of the Town through Town meetings and/or the Town Council are the highest level of decision-making authority of the Town. Commitments may be established, modified, or rescinded only through a Town meeting vote.

Assigned – This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is expressed by the Town Council and/or management.

Unassigned – This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Town meeting vote has provided otherwise in its commitment or assignment actions.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied August 12, 2016 on the assessed value listed as of April 1, 2016, for all real and personal property located in the Town. Taxes were due in two installments on September 16, 2016 and March 16, 2017. Interest on unpaid taxes commenced on September 17, 2016 and March 17, 2017 at 7% per annum.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end. The remaining receivables have been recorded as deferred revenues.

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$219,195 for the year ended June 30, 2017.

Tax liens are placed on real property within twelve months following the tax commitment date if taxes are delinquent. The Town has the authority to foreclose on property eighteen months after the filing of the lien if tax liens and associated costs remain unpaid.

Program Revenues

Program revenues include all directly related income items applicable to a particular program (charges to customers or applicants for goods, services, or privileges provided, operating or capital grants and contributions, including special assessments).

Operating/Non-Operating Proprietary Fund Revenues

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund's ongoing operations. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The Town utilizes encumbrance accounting for its general fund.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

During the preparation of the Town's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

Deposits:

State statutes require that all investments made by the Town consider the safe and sound investment of principal and preservation of capital in the overall portfolio, maintenance of sufficient liquidity to meet day-to-day operations and other cash requirements and maximization of income, within established investment risk guidelines, with consistent cash flows throughout the budgetary cycle. These investment policies apply to all Town funds.

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits. The Town does not have a policy covering custodial credit risk for deposits. However, the Town maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes.

At June 30, 2017, the Town's cash balance of \$7,466,135 was comprised of deposits amounting to \$7,770,388. Of this amount, none was exposed to custodial credit risk and was fully insured by federal depository insurance.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 462,145
Sweep accounts	1,514,980
ICS statement savings	5,785,275
Cash equivalents	7,988
	<u>\$ 7,770,388</u>

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Town does not have a policy for custodial credit risk for investments.

At June 30, 2017, the Town had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1 Year</u>	<u>1 - 5 Years</u>	<u>Over 5 Years</u>
Certificates of deposit	\$ 500,019	\$ -	\$ 500,019	\$ -
Debt securities	2,393,680	2,393,680	-	-
	<u>\$ 2,893,699</u>	<u>\$ 2,393,680</u>	<u>\$ 500,019</u>	<u>\$ -</u>

The Town seeks to minimize custodial credit risk by doing business with authorized institutions, depositories and broker/dealers. As such, the Town's investments of \$2,393,680 were not exposed to custodial credit risk, as \$500,019 were fully insured by federal depository insurance and \$2,393,680 were registered in the Town's name and fully covered by the Securities Investor Protection Corporation.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value Hierarchy

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value measurements as June 30, 2017:

	June 30, 2017 Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
<u>Investments by fair value level</u>				
Debt securities:				
Corporate bonds	\$ 2,393,680	\$ -	\$ 2,393,680	\$ -
Total debt securities	<u>2,393,680</u>	<u>-</u>	<u>2,393,680</u>	<u>-</u>
Total investments by fair value level	<u>2,393,680</u>	<u>\$ -</u>	<u>\$ 2,393,680</u>	<u>\$ -</u>
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market mutual funds	7,988			
Total cash equivalents measured at the NAV	<u>7,988</u>			
Total investments and cash equivalents measured at fair value	<u>\$ 2,401,668</u>			

Debt securities classified in Level 2 of the fair value hierarchy are valued from publicly reliable sources or using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The Town has no Level 1 or 3 investments. The fair value of money market mutual funds that are measured at NAV per share (or its equivalent) is calculated as of June 30, 2017 in a manner consistent with the Financial Accounting Standards Board's measurement principles for investment companies. Certificates of deposit held with local financial institutions for \$500,019 are excluded from the hierarchy as these investments are considered held to maturity and are therefore not measured at fair value.

Credit risk – Statutes for the State of Maine authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Town does not have an investment policy on credit risk.

Interest rate risk – is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2017 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General fund	\$ 196,524	\$ 3,353,504
Special revenue fund	1,078,522	16,143
Capital project fund	2,274,982	159,144
Ballpark fund	-	21,237
	<u>\$ 3,550,028</u>	<u>\$ 3,550,028</u>

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2017:

	Balance 7/1/2016	Additions	Disposals	Balance 6/30/2017
<u>Governmental activities:</u>				
Non-depreciated assets:				
Land	\$ 635,404	\$ -	\$ -	\$ 635,404
Construction in progress	821,061	-	-	821,061
	<u>1,456,465</u>	<u>-</u>	<u>-</u>	<u>1,456,465</u>
Depreciated assets:				
Buildings and improvements	10,915,493	482,218	-	11,397,711
Furniture & fixtures	93,810	-	-	93,810
Machinery & equipment	4,167,909	270,033	-	4,437,942
Vehicles	6,801,061	774,604	(74,585)	7,501,080
Infrastructure	23,796,836	398,761	-	24,195,597
	<u>45,775,109</u>	<u>1,925,616</u>	<u>(74,585)</u>	<u>47,626,140</u>
Less: accumulated depreciation	<u>(26,506,188)</u>	<u>(1,619,529)</u>	<u>14,917</u>	<u>(28,110,800)</u>
	<u>19,268,921</u>	<u>306,087</u>	<u>(59,668)</u>	<u>19,515,340</u>
Net capital assets	<u>\$ 20,725,386</u>	<u>\$ 306,087</u>	<u>\$ (59,668)</u>	<u>\$ 20,971,805</u>

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 - CAPITAL ASSETS (CONTINUED)

	Balance 7/1/2016	Additions	Disposals	Balance 6/30/2017
<u>Business-type activities:</u>				
Non-depreciated assets:				
Land	\$ -	\$ -	\$ -	\$ -
	-	-	-	-
Depreciated assets:				
Land improvements	992,050	-	-	992,050
Machinery & equipment	1,200	-	-	1,200
	993,250	-	-	993,250
Less: accumulated depreciation	(754,697)	(17,040)	-	(771,737)
	238,553	(17,040)	-	221,513
Net capital assets	\$ 238,553	\$ (17,040)	\$ -	\$ 221,513

Current year depreciation:

Town hall	\$ 41,555
Public safety	469,754
Public works	580,771
Transfer station	3,807
Library	75,448
Historical society	400
Comfort station	3,514
Treatment plant	444,280
	1,619,529
Ballpark	17,040
Total depreciation expense	\$ 1,636,569

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 - LONG TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2017:

	Balance, 7/1/16 (Restated)	Additions	Deletions	Balance, 6/30/17	Due Within One Year
<u>Governmental activities:</u>					
Bonds payable	\$ 9,716,550	\$ 400,000	\$ (788,590)	\$ 9,327,960	\$ 930,580
Capital leases	340,227	786,876	(296,650)	830,453	233,115
Accrued landfill closure	78,000	-	(6,000)	72,000	6,000
Accrued compensated absences	1,083,661	46,927	-	1,130,588	-
Net pension liability	2,758,806	1,602,957	-	4,361,763	-
Other post-employment benefits	240,782	37,877	-	278,659	-
Total governmental activities	<u>\$ 14,204,471</u>	<u>\$ 2,874,637</u>	<u>\$ (1,091,240)</u>	<u>\$ 16,001,423</u>	<u>\$ 1,169,695</u>

Payments under landfill closure costs have been made by the general fund. Accrued compensated absences typically have been liquidated in the general and other governmental funds.

The following is a summary of outstanding governmental funds bonds payable:

	<u>Governmental Activities</u>
Bonds Payable:	
\$4,100,000, 2009 General Obligation Bond financed with Maine Municipal Bond Bank, due in varying annual principal installments. Interest varies from 2.165% to 5.575%. Maturity in November, 2028.	\$ 2,280,000
\$1,200,000, 2009 Sewer Revolving Loan Fund financed with Maine Municipal Bond Bank, due in annual principal installments of \$60,000. Interest is stated at 1.320% per annum. Maturity in November, 2028.	720,000
\$1,625,000, 2010 General Obligation Bond financed with Maine Municipal Bond Bank, due in annual principal installments of \$125,000. Interest varies from 4.470% to 5.750%. Maturity in November, 2030.	1,625,000

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 - LONG TERM DEBT (CONTINUED)

\$875,000, 2010 General Obligation Bond Fund financed with Maine Municipal Bond Bank, due in annual principal installments of \$125,000. Interest is stated at 2.060% to 5.560%. Maturity in November, 2017.	125,000
\$955,000, 2011 General Obligation Bond Fund financed with Maine Municipal Bond Bank, due in varying annual principal installments. Interest is stated at 0.501% to 3.400%. Maturity in November, 2018.	122,960
\$2,000,000, 2014 General Obligation Bond Fund financed with U.S. Bank, due in varying annual principal installments. Interest is stated at 2.000% to 3.500%. Maturity in September, 2027.	1,595,000
\$1,700,000, 2014, General Obligation Bond Fund financed with U.S. Bank, due in varying annual principal installments. Interest is stated at 2.000% to 3.000%. Maturity in September, 2023.	1,260,000
\$1,200,000, 2016, General Obligation Bond Fund financed with Maine Municipal Bond Bank, due in varying annual principal installments. Interest is stated at .250% to 2.754%. Maturity in May, 2029.	1,200,000
\$400,000, 2016, General Obligation Bond Fund financed with Maine Municipal Bond Bank, due in annual principal installments of \$40,000. Interest is stated at 1.16% to 2.13%. Maturity in November, 2026.	400,000
Total Bonds Payable	<u>\$ 9,327,960</u>

The following is a summary of outstanding bond principal and interest requirements for the following fiscal years ending June 30:

	Governmental Activities		
	Principal	Interest	Total Debt Service
2018	\$ 930,580	\$ 296,268	\$ 1,226,848
2019	937,380	274,304	1,211,684
2020	875,000	254,290	1,129,290
2021	880,000	229,835	1,109,835
2022	880,000	201,169	1,081,169
2023-2027	3,465,000	603,340	4,068,340
2028-2032	1,360,000	89,144	1,449,144
	<u>\$ 9,327,960</u>	<u>\$ 1,948,350</u>	<u>\$ 11,276,310</u>

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

NOTE 5 - LONG TERM DEBT (CONTINUED)

The following is a summary of outstanding governmental capital leases payable:

Capital Leases Payable:

The Town leases a sidewalk machine under a non-cancellable lease agreement. The term of the lease is for a three year period expiring in September of 2018. Annual payments are \$19,470.	
	\$ 25,808
The Town leases IT virtual computer equipment under a non-cancellable lease agreement. The term of the lease is for a four year period expiring in April of 2018. Annual payments are \$19,756.	
	19,246
The Town leases a Freightliner passenger bus under a non-cancellable lease agreement. The term of the lease is for a four year period expiring in April of 2018. Annual payments are \$23,283.	
	22,660
The Town leases a 2016 Case Loader under a non-cancellable lease agreement. The term of the lease is for a six year period expiring in September of 2021. Annual payments are \$31,430.	
	143,818
The Town leases copiers under a non-cancellable lease agreement. The term of the lease is for a five year period expiring in August of 2017. Annual payments are \$10,791.	
	10,510
The Town leases an International Truck under a non-cancellable lease agreement. The term of the lease is for a seven year period expiring in February of 2022. Annual payments are \$26,309.	
	119,122
The Town leases a Fire Truck under a non-cancellable lease agreement. The term of the lease is for a seven year period expiring in December of 2022. Annual payments are \$57,769.	
	310,368
The Town leases a Truck under a non-cancellable lease agreement. The term of the lease is for a five year period expiring in January of 2021. Annual payments are \$20,072.	
	73,900
The Town leases Ford Air Pacs under a non-cancellable lease agreement. The term of the lease is for a three year period expiring in July of 2019 annual payments are \$36,700.	
	<u>105,021</u>
Total Capital Lease Payable	<u>\$ 830,453</u>

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 - LONG TERM DEBT (CONTINUED)

The following is a summary of outstanding capital lease requirements for the following fiscal years ending June 30:

2018	\$ 239,523
2019	185,693
2020	172,280
2021	135,579
2022	115,508
2023	<u>57,769</u>
Total minimum lease payments	906,352
Less: Amount representing interest	<u>(75,899)</u>
Present value of future minimum lease payments	<u><u>\$ 830,453</u></u>

All bonds payable and capital leases payable are direct obligations of the Town, for which its full faith and credit are pledged. The Town is not obligated for any special assessment debt. All debt is payable from taxes levied on all taxable property within the Town.

NOTE 6 - OVERLAPPING DEBT

The Town is responsible for its proportionate share of debt for the Regional School Unit, County and Transit Committee it belongs to. As of June 30, 2017, the Town's share was as follows:

	<u>Outstanding Debt</u>	<u>Town's Percentage</u>	<u>Total Share</u>
RSU #23	\$ -	100.00%	\$ -
County of York	5,064,946	4.33%	219,312
Transit Committee	125,586	33.33%	<u>41,862</u>
			<u><u>\$ 261,174</u></u>

The Town's proportionate share of the County and School Unit debt is paid through annual assessments.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7 - NONSPENDABLE FUND BALANCES

The Town has the following nonspendable fund balances at June 30, 2017:

General fund:	
Inventory	\$ 72,332
Prepaid items	<u>1,720</u>
	<u>\$ 74,052</u>

NOTE 8 - RESTRICTED FUND BALANCES

The Town has the following restricted fund balances at June 30, 2017:

Nonmajor special revenue funds (Schedule E)	\$ 18,037
Nonmajor capital projects funds (Schedule G)	<u>452,703</u>
	<u>\$ 470,740</u>

NOTE 9 - COMMITTED FUND BALANCES

The Town has the following committed fund balances at June 30, 2017:

Nonmajor special revenue funds (Schedule E)	\$ 1,141,094
Nonmajor capital projects funds (Schedule G)	<u>1,744,212</u>
	<u>\$ 2,885,306</u>

NOTE 10 - ASSIGNED FUND BALANCES

The Town has the following assigned fund balances at June 30, 2017:

General fund:	
Utilization of fund balance 2017 budget	\$ 550,000
Nonmajor capital projects funds (Schedule G)	<u>2,526</u>
	<u>\$ 552,526</u>

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

NOTE 11 - JOINT VENTURES

The Town is a member of the Biddeford - Old Orchard Beach – Saco Transit Committee. This was established in March of 1978. The purpose of the committee is to provide assistance to public mass transportation. The committee is authorized to enter into contracts and receive grants. The member towns pay an equal proportionate share of any needed funds in each budget year, after being approved by the majority of each Town Council. The Committee's fiscal year is January 1 through December 31. All property acquired and any related obligations will be allocated equally for each member Town.

NOTE 12 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town participates in a public entity risk pool sponsored by the Maine Municipal Association. The Maine Municipal Association Group Risk Pool is a state chartered pool established exclusively for Maine municipalities. The pool provides certain property, liability, fidelity and vehicle coverage. If the assets of the pool are at any time actuarially determined to be insufficient to enable the pool to discharge its legal obligations, other obligations, and actuarially sound reserves, the pool has the power to make up the deficiency by the levy of a prorated assessment. There have been no deficiencies during the past three years and management believes that no deficiency exists at June 30, 2017.

The Town is a member of the Maine Municipal Association – Property and Casualty Pool and pays an annual premium for its coverage. Under the property portion of the policy, coverage is provided after a per occurrence deductible is met. The limit of coverage for liability claims brought under the Maine Tort Claims Act is \$400,000 per occurrence. A \$2,000,000 limit of liability is provided for liability claims outside the Maine Tort Claims Act. There is no aggregate liability limit. Coverage for Public Officials Liability, including Employment Practices, is a part of the program. Coverage is on an occurrence basis, rather than a "claims made" form. A \$2,000,000 limit of liability is provided for all claims for Wrongful Acts seeking monetary damages pursuant to federal or state law for which the Maine Tort Claims Act does not provide immunity or limitations. Each member has a \$4,000,000 annual aggregate limit. An annual sublimit of \$100,000 per member applies for all back wages and/or future salary awards for employment related claims, subject to a \$5,000 retention and a 10% contribution by the member.

Based on the coverage provided by the insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2017. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 13 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Plan Description

Town employees contribute to the Maine Public Employees Retirement System (MainePERS), a cost-sharing multiple-employer defined benefit pension plan established by the Maine State Legislature. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the Participating Local District (PLD) Consolidated Plan's advisory group, which reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained online at www.mainebers.org or by contacting the System at (800) 451-9800.

Benefits Provided

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years for employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 or 65. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by contract with PLD employers under applicable statutory provisions.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 5.0%.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The Town's police department employees hired before October 12, 1992 are part of the PLD's special plan "1C" and are required to contribute 8.0% of their annual salary, police department employees hired on or after October 12, 1992 are part of the PLD's special plan "3C" and are required to contribute 9.5% of their annual salary, fire department employees are part of the PLD's special plan "2C" and are required to contribute 8.0% of their annual salary, while all other employees are part of the PLD's plan "AC" and are required to contribute 8.0% of their annual salary. The Town is required to contribute 14.2% of special plan "1C" members' covered payroll, 11.4% of special plan "3C" members' covered payroll, 9.1% of special plan "2C" members' covered payroll and 9.5% of the plan "AC" members' covered payroll annually to the system along with a predetermined initial unpooled unfunded actuarial liability (IUUAL) rate set by the system. The contribution rates of plan members and the Town are established and may be amended by the Maine Public Employee Retirement Systems advisory group.

The Town's contribution to the MainePERS PLD Consolidated Plan for the year ended June 30, 2017 was \$423,575.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the Town reported a liability of \$4,361,763 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2016, and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liabilities were based on a projection of the Town's long-term share of contributions to each pension plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2016, the Town's proportion was 0.820913%, which was a decrease of 0.04379% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Town recognized total pension expense of \$688,719. At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	PLD Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 52,874	\$ 280,544
Changes of assumptions	467,591	-
Net difference between projected and actual earnings on pension plan investments	1,611,815	670,815
Changes in proportion and differences between contributions and proportionate share of contributions	28	186,178
Contributions subsequent to the measurement date	423,575	-
Total	<u>\$ 2,555,883</u>	<u>\$ 1,137,537</u>

\$423,575 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	PLD Plan
Plan year ended June 30:	
2017	\$ 129,711
2018	112,079
2019	501,594
2020	251,387
2021	-
Thereafter	-

Actuarial Methods and Assumptions

The collective total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2016, using the following methods and assumptions applied to all periods included in the measurement:

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Cost Method

The Entry Age Normal actuarial funding method is used to determine costs. Under this funding method, the total employer contribution rate consists of two elements: the normal cost rate and the unfunded actuarial liability (UAL) rate.

The individual entry age normal method is used to determine liabilities. Under the individual entry age normal method, a normal cost rate is calculated for each employee. This rate is determined by taking the value, as of age at entry into the plan, of the member's projected future benefits, and dividing it by the value, also as of the member's entry age, of his or her expected future salary. The normal cost for each employee is the product of his or her pay and his or her normal cost rate. The normal cost for the group is the sum of the normal costs for all members.

Experience gains and losses, i.e., decreases or increases in liabilities and/or in assets when actual experience differs from the actuarial assumptions, affect the unfunded actuarial accrued liability.

Asset Valuation Method

The actuarial valuation employs a technique for determining the actuarial value of assets which dampens the swing in the market value. The specific technique adopted in this valuation recognizes in a given year one-third of the investment return that is different from the actuarial assumption for investment return.

Amortization

The net pension liability of the PLD Consolidated Plan is amortized on a level percentage of payroll using a method where a separate twenty-year closed period is established annually for the gain or loss for that year.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2016 are as follows:

Investment Rate of Return - For the PLD Plan, 6.875% per annum, compounded annually; 7.125% was used for the period ended June 30, 2015.

Salary Increases, Merit and Inflation - Members of the consolidated plan for PLDs, 2.75% to 9.00% per year.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions (Continued)

Mortality Rates - For participating local districts, the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, is used. For all recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, is used.

Cost of Living Benefit Increases – 2.20%; 2.55% was used for the period ended June 30, 2015.

The long-term expected rate of return on pension plan assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as June 30, 2016 are summarized in the following table. Assets for the defined benefit plan are comingled for investment purposes.

Asset Class	PLD Plan	
	Target Allocation	Long-term Expected Real Rate of Return
US equities	20%	5.7%
Non-US equities	20%	5.5%
Private equity	10%	7.6%
Real assets:		
Real estate	10%	5.2%
Infrastructure	10%	5.3%
Hard assets	5%	5.0%
Fixed income	25%	2.9%

Discount Rate

The discount rate used to measure the collective total pension liability was 6.875% for 2016. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates,

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table shows how the collective net pension liability/(asset) as of June 30, 2016 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 6.875% for the PLD Consolidated Plan.

	1% Decrease	Discount Rate	1% Increase
<u>PLD Plan:</u>			
Discount rate	5.875%	6.875%	7.875%
Town's proportionate share of the net pension liability	\$ 7,239,741	\$ 4,361,763	\$ 1,652,250

Changes in Net Pension Liability

Each employer's share of the collective net pension liability is equal to the collective net pension liability multiplied by the employer's proportionate share as of June 30, 2016 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net pension liability are recognized in pension expense for the year ended June 30, 2016 with the following exceptions.

Differences between Expected and Actual Experience

The difference between expected and actual experience with regard to economic or demographic factors were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. For 2016, this was 4 years for the PLD Consolidated Plan.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Differences between Projected and Actual Investment Earnings on Pension Plan Investments

Differences between projected and actual investment earnings were recognized in pension expense using a straight-line amortization method over a closed five-year period. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

Changes in Assumptions

Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used for the year ended June 30, 2016 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 through June 30, 2015. Please refer to the Actuarial Methods and Assumptions section for information relating to changes of assumptions. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability.

Pension Plan Fiduciary Net Position

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2016 Comprehensive Annual Financial Report available online at www.mainebers.org or by contacting the System at (207) 512-3100.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS

The Town, in accordance with its current health insurance company agreement, provides optional health and other benefits to eligible retirees and their spouses. Retired plan members and beneficiaries currently receiving benefits are required to contribute the full cost of receiving benefits under the Town's medical benefits program.

Funding policy – The Town currently funds claims and administrative costs for postemployment benefits through its health insurance company or through current year expenditures.

The following is the census of Town benefit participants as of June 30, 2011 (the most recent period available):

Active members	73
Retirees and spouses	<u>2</u>
Total	<u><u>75</u></u>

Annual OPEB Cost and Net OPEB Obligations

The Town of Old Orchard Beach, Maine's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of future events. Assumptions include future employment, mortality, and healthcare and other benefit cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future.

The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation (asset):

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

	2017	2016	2015	2014	2013	2012
Annual required contribution (ARC)	\$ 63,627	\$ 63,627	\$ 63,627	\$ 63,627	\$ 63,627	\$ 63,627
Interest on net OPEB obligation	2,545	2,545	2,545	2,545	2,545	2,545
Adjustment to annual required contribution	(28,295)	(33,516)	(19,539)	(18,446)	(17,950)	(31,598)
Annual OPEB cost	37,877	32,656	46,633	47,726	48,222	34,574
Contributions made	-	-	-	-	-	-
Increase in net OPEB obligation	37,877	32,656	46,633	47,726	48,222	34,574
Net OPEB obligation, beginning of year	273,438	240,782	194,149	146,423	98,201	63,627
Net OPEB obligation, end of year	<u>\$ 311,315</u>	<u>\$ 273,438</u>	<u>\$ 240,782</u>	<u>\$ 194,149</u>	<u>\$ 146,423</u>	<u>\$ 98,201</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the fiscal years ended June 30, 2012 through 2017 is presented below:

Fiscal Year Ending	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
6/30/12	\$ 34,574	\$ -	0.0%	\$ 98,201
6/30/13	48,222	-	0.0%	146,423
6/30/14	47,726	-	0.0%	194,149
6/30/15	46,633	-	0.0%	240,782
6/30/16	32,656	-	0.0%	273,438
6/30/17	37,877	-	0.0%	311,315

Projections for benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2011 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions include a 4% investment rate of return, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

An annual healthcare cost blended trend rate of 7.6% is used initially, decreasing at a variable rate per year to an ultimate rate of 4.0% for 2029 and later. The remaining amortization period at June 30, 2011 was 30 years. As of June 30, 2011, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was approximately \$677,300, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$677,300.

The required schedule of funding progress, presented as required supplementary information, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

These numbers are based on information that was presented on January 1, 2011 for June 30, 2011. The amortization method that was used to calculate the numbers is presented below.

	2017	2016	2015	2014	2013	2012
Discount rate	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Payroll growth assumption	N/A	N/A	N/A	N/A	N/A	N/A
Accrued liability	\$ 677,300	\$ 677,300	\$ 677,300	\$ 677,300	\$ 677,300	\$ 677,300
Value of assets	-	-	-	-	-	-
Unfunded liability	\$ 677,300	\$ 677,300	\$ 677,300	\$ 677,300	\$ 677,300	\$ 677,300
Normal cost	\$ 24,729	\$ 24,729	\$ 24,729	\$ 24,729	\$ 24,729	\$ 24,729
Amortization of unfunded	37,662	37,662	37,662	37,662	37,662	37,662
Interest	1,236	1,236	1,236	1,236	1,236	1,236
Annual required contribution	<u>\$ 63,627</u>	<u>\$ 63,627</u>	<u>\$ 63,627</u>	<u>\$ 63,627</u>	<u>\$ 63,627</u>	<u>\$ 63,627</u>

The Town, in accordance with its current life insurance company agreement, provides life insurance benefits to eligible retirees.

Funding policy – The Town currently funds claims and administrative costs for postemployment benefits through its life insurance company or through current year expenditures.

The current census of Town benefit participants as of June 30, 2017 was forty-one participants. Total expenditures for the years ended June 30, 2017, and 2016 were \$415,316, and \$385,062 respectively.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 15 - DEFICIT FUND BALANCES

The following fund have deficit fund balances as of June 30, 2017:

Nonmajor funds:

Special revenue funds:

Ballpark restoration
Memorial Day Parade

\$	16,726
	905
<u>\$</u>	<u>17,631</u>

NOTE 16 - EXPENDITURES OVER APPROPRIATIONS

The following article exceeded budgeted expenditures for the year ended June 30, 2017.

Solid Waste	\$	37,611
Total	<u>\$</u>	<u>37,611</u>

NOTE 17 - LANDFILL CLOSURE AND POSTCARE COSTS

Under existing state law, Maine communities are required to close existing landfills under a state approved plan and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The Town presently has two landfills that have been closed under an approved plan and one additional landfill whose closure was completed during fiscal year 1998. The only additional costs that remain are post-closure care costs on all three landfills. The estimated remaining post-closure care costs at June 30, 2017 are \$78,000, which would include two mowings of each site during the year and well monitoring. The amount has been accrued in the entity-wide financial statements and is being amortized over 30 years at \$6,000 per year, as it is not expected that any of these costs will be funded with current financial resources. The actual cost of post-closure care may be higher due to inflation, changes in technology, engineering estimates, or changes in landfill laws and regulations.

NOTE 18 - CONTINGENCIES AND COMMITMENTS

The Town participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the Town's compliance with applicable grant requirement may be established at some future date. The amount, if any, of any liabilities arising from the disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 18 - CONTINGENCIES AND COMMITMENTS (CONTINUED)

During fiscal year 2016 the Town contracted for the construction of a Waste Water Process Building upgrade. The contract amounts including approved changes total \$1,220,700. As of June 30, 2017, \$159,144 had been spent excluding retainage and the remaining balance of the contract was \$1,061,556.

NOTE 19 - RESTATEMENT OF FUND BALANCE/NET POSITION

The net position of the governmental activities has been restated at July 1, 2016 to correct the other post-employment benefits balance. Net position for governmental activities was restated by (\$13,555).

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Government Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual - General Fund
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions
- Notes to Required Supplementary Information
- Schedule of Funding Progress for Retiree Healthcare Plan

TOWN OF OLD ORCHARD BEACH, MAINE

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS
 BUDGET AND ACTUAL – GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Positive (Negative)
Budgetary Fund Balance, July 1	\$ 5,782,099	\$ 5,782,099	\$ 5,782,099	\$ -
Resources (Inflows):				
Taxes	25,875,398	25,875,398	26,132,856	257,458
Licenses and permits	894,000	894,000	1,013,177	119,177
Intergovernmental	829,000	905,187	1,092,769	187,582
Unclassified	30,000	30,000	20,151	(9,849)
Interest earned	20,000	20,000	48,449	28,449
Transfers in	828,000	828,000	833,000	5,000
Amounts Available for Appropriation	34,258,497	34,334,684	34,922,501	587,817
Charges to Appropriations (Outflows):				
General government	4,574,091	4,419,791	4,183,561	236,230
Public works	1,531,762	1,557,861	1,442,199	115,662
Sanitation	1,692,049	1,724,462	1,743,000	(18,538)
Public safety	4,738,200	5,008,244	4,823,825	184,419
Recreation, culture and agencies	727,968	746,347	683,842	62,505
Health and welfare	79,280	79,280	77,962	1,318
Education	11,871,521	11,871,521	11,871,271	250
County tax	933,204	933,204	933,175	29
Tax abatements/overlay	25,000	219,195	3,709	215,486
Debt service:				
Principal	788,590	788,590	788,590	-
Interest	373,000	342,000	296,857	45,143
Equipment replacement	308,315	308,315	252,652	55,663
Transfers out	1,383,418	1,383,418	1,161,836	221,582
Total Charges to Appropriations	29,026,398	29,382,228	28,262,479	1,119,749
Budgetary Fund Balance, June 30	\$ 5,232,099	\$ 4,952,456	\$ 6,660,022	\$ 1,707,566
Utilization of assigned fund balance	\$ -	\$ 279,643	\$ -	\$ (279,643)
Utilization of unassigned fund balance	550,000	550,000	-	(550,000)
	\$ 550,000	\$ 829,643	\$ -	\$ (829,643)

See accompanying independent auditor's report and notes to financial statements.

TOWN OF OLD ORCHARD BEACH, MAINE

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS*

	2017	2016	2015	2014
<u>PLD Plan:</u>				
Proportion of the net pension liability	0.82%	0.86%	0.89%	0.94%
Proportionate share of the net pension liability	\$ 4,361,763	\$ 2,758,806	\$ 1,370,138	\$ 2,885,673
Covered-employee payroll	\$ 3,788,020	\$ 3,645,778	\$ 3,245,914	\$ 2,790,243
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	115.15%	75.67%	42.21%	103.42%
Plan fiduciary net position as a percentage of the total pension liability	81.61%	81.20%	94.10%	87.50%

* The amounts presented for each fiscal year were determined as of June 30, and are for those years for which information is available.

TOWN OF OLD ORCHARD BEACH, MAINE

SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>PLD Plan:</u>				
Contractually required contribution	\$ 423,575	\$ 385,052	\$ 353,460	\$ 308,665
Contributions in relation to the contractually required contribution	<u>(423,575)</u>	<u>(385,052)</u>	<u>(353,460)</u>	<u>(308,665)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 4,104,773	\$ 3,788,020	\$ 3,645,778	\$ 3,245,914
Contributions as a percentage of covered- employee payroll	10.32%	10.16%	9.70%	9.51%

* The amounts presented for each fiscal year are for those years for which information is available.

TOWN OF OLD ORCHARD BEACH, MAINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017

Changes of Assumptions

There was a change in the investment rate of return assumption this year from 7.125% to 6.875%. Annual salary increases, including inflation, changed from 3.50% - 9.50% to 2.75% - 9.00%, for the PLD Consolidated Plan. There was also a change in the cost of living benefit increase from 2.55% to 2.20%. Finally, the mortality rates for active members, nondisabled retirees and recipients of disability benefits, were determined using the RP2014 Total Dataset Healthy Annuitant Mortality Table and the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, compared to the RP2000 Tables projected forward and the Revenue Ruling 96-7 Disabled Mortality Table used in the prior year.

TOWN OF OLD ORCHARD BEACH, MAINE

SCHEDULE OF FUNDING FOR RETIREE HEALTHCARE PLAN
FOR THE YEARS ENDED JUNE 30,

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
6/30/12	\$ -	\$ 677,300	0.0%	N/A	N/A
6/30/13	\$ -	\$ 677,300	0.0%	N/A	N/A
6/30/14	\$ -	\$ 677,300	0.0%	N/A	N/A
6/30/15	\$ -	\$ 677,300	0.0%	N/A	N/A
6/30/16	\$ -	\$ 677,300	0.0%	N/A	N/A
6/30/17	\$ -	\$ 677,300	0.0%	N/A	N/A

See accompanying independent auditor's report and notes to financial statements.

Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Government Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Schedule of Revenues - Budget and Actual – General Fund
- Schedule of Departmental Operations – General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet – Nonmajor Capital Projects Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function

SCHEDULE A

TOWN OF OLD ORCHARD BEACH, MAINE

SCHEDULE OF REVENUES - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
REVENUES					
General tax revenues:					
Property taxes	\$ 24,162,398	\$ -	\$ 24,162,398	\$ 24,060,714	\$ (101,684)
Excise taxes	1,379,000	-	1,379,000	1,674,276	295,276
Franchise taxes	200,000	-	200,000	206,896	6,896
Interest and penalties	134,000	-	134,000	190,970	56,970
Intergovernmental revenues:					
Municipal revenue sharing	357,300	-	357,300	359,858	2,558
Homestead exemption	205,000	3,688	208,688	192,633	(16,055)
DOT block grant	56,000	-	56,000	55,900	(100)
BETE reimbursement	3,700	-	3,700	3,254	(446)
Health/welfare intergovernmental	35,000	-	35,000	40,391	5,391
Grant income	152,000	72,499	224,499	429,212	204,713
Other intergovernmental	20,000	-	20,000	11,521	(8,479)
Licenses, permits and fees:					
Parking meters	330,000	-	330,000	393,725	63,725
Parking fines/ordiance violations	126,000	-	126,000	160,981	34,981
Business licenses	185,000	-	185,000	178,194	(6,806)
Building, plumbing, electrical permits	146,000	-	146,000	141,263	(4,737)
Town agent fees	25,000	-	25,000	26,566	1,566
Town clerk fees	18,000	-	18,000	17,578	(422)
Trash bag/septic	32,000	-	32,000	45,773	13,773
Parking lot permits	15,000	-	15,000	28,825	13,825
Planner fee	9,000	-	9,000	12,172	3,172
Street opening permits	8,000	-	8,000	8,100	100
Investment income:					
Investment income	20,000	-	20,000	48,449	28,449
Unclassified:					
Sale of town owned property	30,000	-	30,000	20,151	(9,849)
Transfers from other funds					
Special revenue funds	828,000	-	828,000	833,000	5,000
Total revenues	<u>\$ 28,476,398</u>	<u>\$ 76,187</u>	<u>\$ 28,552,585</u>	<u>\$ 29,140,402</u>	<u>\$ 587,817</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF OLD ORCHARD BEACH, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
General government					
Town council	\$ 43,820	\$ -	\$ 43,820	\$ 42,010	\$ 1,810
Administration	701,383	-	701,383	663,376	38,007
Tax collector	104,014	-	104,014	106,197	(2,183)
Finance director/treasurer	179,449	-	179,449	161,775	17,674
Assessor	126,640	9,350	135,990	135,277	713
Town clerk	140,375	-	140,375	130,242	10,133
Elections	32,400	-	32,400	25,892	6,508
Planning	131,808	-	131,808	127,647	4,161
Code enforcement	201,942	-	201,942	199,812	2,130
Building maintenance	78,015	-	78,015	76,889	1,126
Planning, zoning, registration boards	5,400	-	5,400	4,339	1,061
Contingency	170,000	(54,300)	115,700	-	115,700
Insurance	2,658,845	(109,350)	2,549,495	2,510,105	39,390
	<u>4,574,091</u>	<u>(154,300)</u>	<u>4,419,791</u>	<u>4,183,561</u>	<u>236,230</u>
Public works					
General	1,531,762	26,099	1,557,861	1,442,199	115,662
	<u>1,531,762</u>	<u>26,099</u>	<u>1,557,861</u>	<u>1,442,199</u>	<u>115,662</u>
Sanitation					
Treatment plant	1,075,049	32,413	1,107,462	1,088,389	19,073
Solid waste	617,000	-	617,000	654,611	(37,611)
	<u>1,692,049</u>	<u>32,413</u>	<u>1,724,462</u>	<u>1,743,000</u>	<u>(18,538)</u>

TOWN OF OLD ORCHARD BEACH, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Public safety					
Police department	2,468,895	139,142	2,608,037	2,549,155	58,882
Parking Enforcement	90,350	-	90,350	80,558	9,792
Fire/rescue department	1,773,955	140,122	1,914,077	1,828,892	85,185
Street lights and traffic light expense	255,000	-	255,000	239,807	15,193
Lifeguards	150,000	(9,220)	140,780	125,413	15,367
	<u>4,738,200</u>	<u>270,044</u>	<u>5,008,244</u>	<u>4,823,825</u>	<u>184,419</u>
Recreation, culture and agencies					
Recreation	220,169	-	220,169	208,344	11,825
Libby Memorial Library	279,033	-	279,033	279,033	-
Transit District subsidy	125,000	-	125,000	125,000	-
Service agencies	12,500	-	12,500	12,500	-
Historical society	15,976	-	15,976	15,474	502
Parks maintenance expense	62,050	18,379	80,429	39,371	41,058
Conservation commission	13,240	-	13,240	4,120	9,120
	<u>727,968</u>	<u>18,379</u>	<u>746,347</u>	<u>683,842</u>	<u>62,505</u>
Health and welfare					
General assistance	79,280	-	79,280	77,962	1,318
	<u>79,280</u>	<u>-</u>	<u>79,280</u>	<u>77,962</u>	<u>1,318</u>

TOWN OF OLD ORCHARD BEACH, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Education	11,871,521	-	11,871,521	11,871,271	250
County tax	933,204	-	933,204	933,175	29
Tax abatements/overlay	25,000	194,195	219,195	3,709	215,486
Debt service					
Equipment replacement	308,315	-	308,315	252,652	55,663
Principal	788,590	-	788,590	788,590	-
Interest	373,000	(31,000)	342,000	296,857	45,143
	1,469,905	(31,000)	1,438,905	1,338,099	100,806
Transfers out					
Special revenue funds	8,000	-	8,000	8,000	-
Capital projects funds	1,375,418	-	1,375,418	1,153,836	221,582
	1,383,418	-	1,383,418	1,161,836	221,582
Total	\$ 29,026,398	\$ 355,830	\$ 29,382,228	\$ 28,262,479	\$ 1,119,749

See accompanying independent auditor's report and notes to financial statements.

TOWN OF OLD ORCHARD BEACH, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	83,370	-	83,370
Due from other funds	1,078,522	2,274,982	3,353,504
TOTAL ASSETS	<u>\$ 1,161,892</u>	<u>\$ 2,274,982</u>	<u>\$ 3,436,874</u>
LIABILITIES			
Accounts payable	\$ 4,249	\$ 75,541	\$ 79,790
Due to other funds	16,143	159,144	175,287
TOTAL LIABILITIES	<u>20,392</u>	<u>234,685</u>	<u>255,077</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	18,037	452,703	470,740
Committed	1,141,094	1,744,212	2,885,306
Assigned	-	2,526	2,526
Unassigned	(17,631)	(159,144)	(176,775)
TOTAL FUND BALANCES	<u>1,141,500</u>	<u>2,040,297</u>	<u>3,181,797</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,161,892</u>	<u>\$ 2,274,982</u>	<u>\$ 3,436,874</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF OLD ORCHARD BEACH, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental revenue	\$ 40,258	\$ -	\$ 40,258
Charges for services	935,233	-	935,233
Other income	37,387	-	37,387
TOTAL REVENUES	<u>1,012,878</u>	<u>-</u>	<u>1,012,878</u>
EXPENDITURES			
Administration	30,604	-	30,604
Public safety	19,310	-	19,310
Recreation, culture and agencies	321,503	-	321,503
Program expenses	-	16,272	16,272
Capital outlay	18,589	1,281,573	1,300,162
TOTAL EXPENDITURES	<u>390,006</u>	<u>1,297,845</u>	<u>1,687,851</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>622,872</u>	<u>(1,297,845)</u>	<u>(674,973)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from long term debt	-	400,000	400,000
Transfers in	-	1,153,836	1,153,836
Transfers (out)	(525,000)	(300,000)	(825,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(525,000)</u>	<u>1,253,836</u>	<u>728,836</u>
NET CHANGE IN FUND BALANCES	97,872	(44,009)	53,863
FUND BALANCES, JULY 1	<u>1,043,628</u>	<u>2,084,306</u>	<u>3,127,934</u>
FUND BALANCES, JUNE 30	<u><u>\$ 1,141,500</u></u>	<u><u>\$ 2,040,297</u></u>	<u><u>\$ 3,181,797</u></u>

See accompanying independent auditor's report and notes to financial statements.

Special Revenue Funds

Special revenue funds are established to account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

TOWN OF OLD ORCHARD BEACH, MAINE

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2017

	Rescue Fees	Recreation Programs	Special Dog	Police Grants	Sewer Special Revenue	Smithwheel Impact Fees
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	82,415	-	-	-	-	-
Due from other funds	133,458	73,058	9,011	2,493	818,881	527
TOTAL ASSETS	<u>\$ 215,873</u>	<u>\$ 73,058</u>	<u>\$ 9,011</u>	<u>\$ 2,493</u>	<u>\$ 818,881</u>	<u>\$ 527</u>
LIABILITIES						
Accounts payable	\$ -	\$ 1,442	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>1,442</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	2,493	-	527
Committed	215,873	71,616	9,011	-	818,881	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>215,873</u>	<u>71,616</u>	<u>9,011</u>	<u>2,493</u>	<u>818,881</u>	<u>527</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 215,873</u>	<u>\$ 73,058</u>	<u>\$ 9,011</u>	<u>\$ 2,493</u>	<u>\$ 818,881</u>	<u>\$ 527</u>

TOWN OF OLD ORCHARD BEACH, MAINE

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2017

	Conservation Tree Grant	Memorial Park Improvements	CDBG Business Facade Grant	Ballpark Restoration	Museum In the Street	Memorial Day Parade
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	955	-	-
Due from other funds	11,673	11,119	545	-	2,799	-
TOTAL ASSETS	<u>\$ 11,673</u>	<u>\$ 11,119</u>	<u>\$ 545</u>	<u>\$ 955</u>	<u>\$ 2,799</u>	<u>\$ -</u>
LIABILITIES						
Accounts payable	\$ -	\$ 364	\$ -	\$ 2,443	\$ -	\$ -
Due to other funds	-	-	-	15,238	-	905
TOTAL LIABILITIES	<u>-</u>	<u>364</u>	<u>-</u>	<u>17,681</u>	<u>-</u>	<u>905</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	11,673	-	545	-	2,799	-
Committed	-	10,755	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	(16,726)	-	(905)
TOTAL FUND BALANCES (DEFICITS)	<u>11,673</u>	<u>10,755</u>	<u>545</u>	<u>(16,726)</u>	<u>2,799</u>	<u>(905)</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 11,673</u>	<u>\$ 11,119</u>	<u>\$ 545</u>	<u>\$ 955</u>	<u>\$ 2,799</u>	<u>\$ -</u>

TOWN OF OLD ORCHARD BEACH, MAINE

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2017

	Community Garden	Veterans Memorial Monument	General Assistance	Canopy Grant	TIF Pines at Ocean Park	Total
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	83,370
Due from other funds	3,255	2,086	1,863	7,754	-	1,078,522
TOTAL ASSETS	<u>3,255</u>	<u>2,086</u>	<u>1,863</u>	<u>7,754</u>	<u>-</u>	<u>1,161,892</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,249
Due to other funds	-	-	-	-	-	16,143
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,392</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	18,037
Committed	3,255	2,086	1,863	7,754	-	1,141,094
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(17,631)
TOTAL FUND BALANCES (DEFICITS)	<u>3,255</u>	<u>2,086</u>	<u>1,863</u>	<u>7,754</u>	<u>-</u>	<u>1,141,500</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 3,255</u>	<u>\$ 2,086</u>	<u>\$ 1,863</u>	<u>\$ 7,754</u>	<u>\$ -</u>	<u>\$ 1,161,892</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF OLD ORCHARD BEACH, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Rescue Fees	Recreation Programs	Special Dog	Police Grants	Sewer Special Revenue	Smithwheel Impact Fees
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ 1,900	\$ -	\$ -
Charges for services	518,437	211,578	-	-	117,421	-
Other income	-	835	19,098	33	-	-
TOTAL REVENUES	<u>518,437</u>	<u>212,413</u>	<u>19,098</u>	<u>1,933</u>	<u>117,421</u>	<u>-</u>
EXPENDITURES						
Administration	-	-	-	-	-	-
Public safety	-	-	19,310	-	-	-
Recreation, culture and agencies	-	208,131	-	-	-	-
Capital outlay	-	-	-	-	18,589	-
TOTAL EXPENDITURES	<u>-</u>	<u>208,131</u>	<u>19,310</u>	<u>-</u>	<u>18,589</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>518,437</u>	<u>4,282</u>	<u>(212)</u>	<u>1,933</u>	<u>98,832</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	(525,000)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(525,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(6,563)	4,282	(212)	1,933	98,832	-
FUND BALANCES, JULY 1	<u>222,436</u>	<u>67,334</u>	<u>9,223</u>	<u>560</u>	<u>720,049</u>	<u>527</u>
FUND BALANCES (DEFICITS), JUNE 30	<u>\$ 215,873</u>	<u>\$ 71,616</u>	<u>\$ 9,011</u>	<u>\$ 2,493</u>	<u>\$ 818,881</u>	<u>\$ 527</u>

TOWN OF OLD ORCHARD BEACH, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	Conservation Tree Grant	Memorial Park Improvements	CDBG Business Facade Grant	Ballpark Restoration	Museum In the Street	Memorial Day Parade
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	87,797	-	-
Other income	1,250	9,000	-	-	2,799	2,000
TOTAL REVENUES	<u>1,250</u>	<u>9,000</u>	<u>-</u>	<u>87,797</u>	<u>2,799</u>	<u>2,000</u>
EXPENDITURES						
Administration	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Recreation, culture and agencies	151	14,564	-	95,472	-	2,871
Capital outlay	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>151</u>	<u>14,564</u>	<u>-</u>	<u>95,472</u>	<u>-</u>	<u>2,871</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,099</u>	<u>(5,564)</u>	<u>-</u>	<u>(7,675)</u>	<u>2,799</u>	<u>(871)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	1,099	(5,564)	-	(7,675)	2,799	(871)
FUND BALANCES, JULY 1	<u>10,574</u>	<u>16,319</u>	<u>545</u>	<u>(9,051)</u>	<u>-</u>	<u>(34)</u>
FUND BALANCES (DEFICITS), JUNE 30	<u>\$ 11,673</u>	<u>\$ 10,755</u>	<u>\$ 545</u>	<u>\$ (16,726)</u>	<u>\$ 2,799</u>	<u>\$ (905)</u>

SCHEDULE F (CONTINUED)

TOWN OF OLD ORCHARD BEACH, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Community Garden	Veterans Memorial Monument	General Assistance	Canopy Grant	TIF Pines at Ocean Park	Total
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ 7,754	\$ 30,604	\$ 40,258
Charges for services	-	-	-	-	-	935,233
Other income	1,125	897	350	-	-	37,387
TOTAL REVENUES	<u>1,125</u>	<u>897</u>	<u>350</u>	<u>7,754</u>	<u>30,604</u>	<u>1,012,878</u>
EXPENDITURES						
Administration	-	-	-	-	30,604	30,604
Public safety	-	-	-	-	-	19,310
Recreation, culture and agencies	314	-	-	-	-	321,503
Capital outlay	-	-	-	-	-	18,589
TOTAL EXPENDITURES	<u>314</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,604</u>	<u>390,006</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>811</u>	<u>897</u>	<u>350</u>	<u>7,754</u>	<u>-</u>	<u>622,872</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	(525,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(525,000)</u>
NET CHANGE IN FUND BALANCES	811	897	350	7,754	-	97,872
FUND BALANCES, JULY 1	<u>2,444</u>	<u>1,189</u>	<u>1,513</u>	<u>-</u>	<u>-</u>	<u>1,043,628</u>
FUND BALANCES (DEFICITS), JUNE 30	<u>\$ 3,255</u>	<u>\$ 2,086</u>	<u>\$ 1,863</u>	<u>\$ 7,754</u>	<u>\$ -</u>	<u>\$ 1,141,500</u>

See accompanying independent auditor's report and notes to financial statements.

Capital Projects Funds

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust fund.

TOWN OF OLD ORCHARD BEACH, MAINE

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2017

	Landfill Closure	2018 Bond WWT Process	West Grand Stormwater	Summit Street Sewer	FY 2016 Bond Ladder Truck	FY 2017 Bond WWT Storage	Library Expansion
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	2,526	-	343,149	-	5,282	28,793	109,773
TOTAL ASSETS	<u>\$ 2,526</u>	<u>\$ -</u>	<u>\$ 343,149</u>	<u>\$ -</u>	<u>\$ 5,282</u>	<u>\$ 28,793</u>	<u>\$ 109,773</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ 34,294	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	159,144	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>159,144</u>	<u>34,294</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	308,855	-	5,282	28,793	109,773
Committed	-	-	-	-	-	-	-
Assigned	2,526	-	-	-	-	-	-
Unassigned	-	(159,144)	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>2,526</u>	<u>(159,144)</u>	<u>308,855</u>	<u>-</u>	<u>5,282</u>	<u>28,793</u>	<u>109,773</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 2,526</u>	<u>\$ -</u>	<u>\$ 343,149</u>	<u>\$ -</u>	<u>\$ 5,282</u>	<u>\$ 28,793</u>	<u>\$ 109,773</u>

TOWN OF OLD ORCHARD BEACH, MAINE

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2017

	Halfway Roundabout	CIP Public Works	CIP Administration	CIP Public Safety	CIP Wastewater	Total
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	-	1,607,586	84,276	28,507	65,090	2,274,982
TOTAL ASSETS	\$ -	\$ 1,607,586	\$ 84,276	\$ 28,507	\$ 65,090	\$ 2,274,982
LIABILITIES						
Accounts payable	\$ -	\$ 38,788	\$ 119	\$ 2,340	\$ -	\$ 75,541
Due to other funds	-	-	-	-	-	159,144
TOTAL LIABILITIES	-	38,788	119	2,340	-	234,685
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	452,703
Committed	-	1,568,798	84,157	26,167	65,090	1,744,212
Assigned	-	-	-	-	-	2,526
Unassigned	-	-	-	-	-	(159,144)
TOTAL FUND BALANCES (DEFICITS)	-	1,568,798	84,157	26,167	65,090	2,040,297
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ -	\$ 1,607,586	\$ 84,276	\$ 28,507	\$ 65,090	\$ 2,274,982

See accompanying independent auditor's report and notes to financial statements.

TOWN OF OLD ORCHARD BEACH, MAINE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	Landfill Closure	2018 Bond WWT Process	West Grand Stormwater	Summit Street Sewer	FY 2016 Bond Ladder Truck	FY 2017 Bond WWT Storage	Library Expansion
REVENUES							
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
TOTAL REVENUES	-	-	-	-	-	-	-
EXPENDITURES							
Capital outlay	-	147,166	-	-	-	198,728	67,632
Program expenses	-	-	-	-	-	-	-
TOTAL EXPENDITURES	-	147,166	-	-	-	198,728	67,632
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(147,166)	-	-	-	(198,728)	(67,632)
OTHER FINANCING SOURCES (USES)							
Proceeds from long term debt	-	-	-	-	-	400,000	-
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	-	(119,810)	(180,190)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(119,810)	(180,190)	-	400,000	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	(147,166)	(119,810)	(180,190)	-	201,272	(67,632)
FUND BALANCES (DEFICITS) - JULY 1	2,526	(11,978)	428,665	180,190	5,282	(172,479)	177,405
FUND BALANCES (DEFICITS) - JUNE 30	\$ 2,526	\$ (159,144)	\$ 308,855	\$ -	\$ 5,282	\$ 28,793	\$ 109,773

TOWN OF OLD ORCHARD BEACH, MAINE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	Halfway Roundabout	CIP Public Works	CIP Administration	CIP Public Safety	CIP Wastewater	Total
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-
Other income	-	-	-	-	-	-
TOTAL REVENUES	-	-	-	-	-	-
EXPENDITURES						
Capital outlay	-	561,280	-	253,959	52,808	1,281,573
Program expenses	-	-	16,272	-	-	16,272
TOTAL EXPENDITURES	-	561,280	16,272	253,959	52,808	1,297,845
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(561,280)	(16,272)	(253,959)	(52,808)	(1,297,845)
OTHER FINANCING SOURCES (USES)						
Bond proceeds	-	-	-	-	-	400,000
Transfers in	-	851,000	55,000	202,836	45,000	1,153,836
Transfers (out)	-	-	-	-	-	(300,000)
TOTAL OTHER FINANCING SOURCES (USES)	-	851,000	55,000	202,836	45,000	1,253,836
NET CHANGE IN FUND BALANCES (DEFICITS)	-	289,720	38,728	(51,123)	(7,808)	(44,009)
FUND BALANCES (DEFICITS) - JULY 1	-	1,279,078	45,429	77,290	72,898	2,084,306
FUND BALANCES (DEFICITS) - JUNE 30	\$ -	\$ 1,568,798	\$ 84,157	\$ 26,167	\$ 65,090	\$ 2,040,297

See accompanying independent auditor's report and notes to financial statements.

General Capital Assets

General capital assets are those assets related to activities reported in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position.

TOWN OF OLD ORCHARD BEACH, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2017

	Land and Non-depreciable Assets	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Total
Town hall	\$ 191,910	\$ 1,149,799	\$ 403,208	\$ -	\$ 1,744,917
Public safety	146,817	2,918,502	5,708,583	-	8,773,902
Public works	62,217	1,331,990	3,452,160	12,264,753	17,111,120
Transfer station	152,275	152,274	-	-	304,549
Comfort station	26,708	140,569	-	-	167,277
Animal control	-	826	-	-	826
Train platform	-	306,853	-	-	306,853
Tidal gates	-	54,394	-	-	54,394
Ballpark	-	992,050	1,200	-	993,250
Library	-	1,696,447	93,810	-	1,790,257
Historical society	-	10,000	-	-	10,000
Treatment plant	876,538	3,636,057	2,375,071	11,930,844	18,818,510
Total General Capital Assets	1,456,465	12,389,761	12,034,032	24,195,597	50,075,855
Less: Accumulated Depreciation	-	(5,141,808)	(7,774,205)	(15,966,524)	(28,882,537)
Net General Capital Assets	\$ 1,456,465	\$ 7,247,953	\$ 4,259,827	\$ 8,229,073	\$ 21,193,318

See accompanying independent auditor's report and notes to financial statements.

TOWN OF OLD ORCHARD BEACH, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2017

	General Capital Assets 7/1/16	Additions	Deletions	General Capital Assets 6/30/17
Town hall	\$ 1,744,917	\$ -	\$ -	\$ 1,744,917
Public safety	8,146,742	627,160	-	8,773,902
Public works	16,353,583	832,122	(74,585)	17,111,120
Transfer station	304,549	-	-	304,549
Comfort station	167,277	-	-	167,277
Animal control	826	-	-	826
Train platform	306,853	-	-	306,853
Tidal gates	54,394	-	-	54,394
Ballpark	993,250	-	-	993,250
Library	1,722,625	67,632	-	1,790,257
Historical society	10,000	-	-	10,000
Treatment plant	18,419,808	398,702	-	18,818,510
Total General Capital Assets	48,224,824	1,925,616	(74,585)	50,075,855
Less: Accumulated Depreciation	(27,260,885)	(1,636,569)	14,917	(28,882,537)
Net General Capital Assets	<u>\$ 20,963,939</u>	<u>\$ 289,047</u>	<u>\$ (59,668)</u>	<u>\$ 21,193,318</u>

See accompanying independent auditor's report and notes to financial statements.

TABLE 1

TOWN OF OLD ORCHARD BEACH, MAINE

REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GENERAL FUND – GAAP BASIS
LAST TEN FISCAL YEARS

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues:										
Property taxes	\$ 17,749,257	\$ 18,682,705	\$ 19,102,512	\$ 19,799,945	\$ 19,855,105	\$ 20,035,807	\$ 20,646,069	\$ 22,407,751	\$ 24,162,398	\$ 24,060,714
Other taxes	1,691,863	1,687,245	1,600,567	1,612,199	1,556,265	1,672,781	1,760,752	1,885,245	1,713,000	2,072,142
Licenses and permits	940,062	963,141	1,165,597	920,275	959,908	868,970	871,142	888,279	894,000	1,013,177
Intergovernmental revenues	2,210,043	1,486,209	843,641	835,118	846,777	818,032	668,856	581,289	829,000	1,092,769
Investment income	352,740	150,912	104,417	20,662	7,097	11,889	18,634	41,675	20,000	48,449
Other revenues	134,061	354,015	38,687	50,654	471,893	280,210	26,128	143,022	30,000	20,151
Total revenues	<u>23,078,026</u>	<u>23,324,227</u>	<u>22,855,421</u>	<u>23,238,853</u>	<u>23,697,045</u>	<u>23,687,689</u>	<u>23,991,581</u>	<u>25,947,261</u>	<u>27,648,398</u>	<u>28,307,402</u>
Expenditures:										
General government	1,913,524	1,851,871	2,021,057	1,964,273	2,080,171	2,118,590	3,702,730	3,992,765	4,574,091	4,183,561
Public works	1,618,224	1,696,363	1,547,039	1,455,600	1,531,962	1,691,255	1,423,516	1,451,379	1,531,762	1,442,199
Sanitation	1,542,780	1,644,676	1,661,658	1,707,176	1,704,040	1,702,547	1,526,315	1,584,908	1,692,049	1,743,000
Public safety	4,178,862	4,429,964	4,439,462	4,528,474	4,781,266	4,817,067	4,045,878	4,362,626	4,738,200	4,823,825
Recreation, culture and agencies	505,462	686,550	642,190	625,376	750,599	692,975	681,016	655,844	727,968	683,842
Health and welfare	74,298	101,475	107,822	106,693	103,328	64,810	69,483	71,013	79,280	77,962
Education	9,632,841	9,973,975	9,561,944	9,399,388	8,451,151	9,070,942	9,470,881	11,162,780	11,871,521	11,871,271
Debt service (excluding education)	1,521,034	1,726,929	2,127,481	2,154,389	3,212,770	1,532,701	1,119,688	1,205,829	1,469,905	1,338,099
Capital outlay	1,914,839	1,228,471	1,147,808	1,218,334	968,066	6,180	-	202,349	-	-
Other	646,342	789,444	804,360	803,521	820,827	851,764	913,327	914,674	958,204	936,884
Total expenditures	<u>23,548,206</u>	<u>24,129,718</u>	<u>24,060,821</u>	<u>23,963,224</u>	<u>24,404,180</u>	<u>22,548,831</u>	<u>22,952,834</u>	<u>25,604,167</u>	<u>27,642,980</u>	<u>27,100,643</u>
Other financing sources	459,334	434,334	328,000	522,000	1,203,000	253,000	463,000	1,089,349	828,000	833,000
Other financing (uses)	<u>(74,180)</u>	<u>(88,620)</u>	<u>-</u>	<u>(25,000)</u>	<u>(34,907)</u>	<u>(1,689,082)</u>	<u>(1,206,431)</u>	<u>(1,214,008)</u>	<u>(1,383,418)</u>	<u>(1,161,836)</u>
Net change in fund balances	(85,026)	(459,777)	(877,400)	(227,371)	460,958	(297,224)	295,316	218,435	(550,000)	877,923
Special item - transfer to RSU #23	-	-	110,720	-	-	-	-	-	-	-
Fund balances - beginning, restated	6,487,735	6,402,709	5,942,932	5,176,252	4,948,881	5,409,839	4,559,004	4,883,651	4,986,048	4,986,048
Fund balances - ending	<u>\$ 6,402,709</u>	<u>\$ 5,942,932</u>	<u>\$ 5,176,252</u>	<u>\$ 4,948,881</u>	<u>\$ 5,409,839</u>	<u>\$ 5,112,615</u>	<u>\$ 4,854,320</u>	<u>\$ 5,102,086</u>	<u>\$ 4,436,048</u>	<u>\$ 5,863,971</u>

TABLE 2

TOWN OF OLD ORCHARD BEACH, MAINE
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Years Ended	Current Year's Tax Levy	Current Year's Tax Collections	Prior Year's Collection to June 30	Total Collections	Total Current Year Collections as Percent Of Each Year's Levy	Total Collections as Percent of Each Year's Levy	Total Outstanding	Percent of Delinquent Taxes And Liens to Levy
2008	\$ 18,118,387	\$ 17,505,853	\$ 391,071	\$ 17,896,924	96.62	98.78	\$ 1,237,496	6.83
2009	18,959,656	18,453,482	338,884	18,792,366	97.33	99.12	1,188,126	6.27
2010	19,151,900	18,452,763	375,569	18,828,332	96.35	98.31	1,511,694	7.89
2011	19,987,575	19,277,170	593,827	19,870,997	96.45	99.42	1,628,272	8.15
2012	19,855,105	19,138,213	577,625	19,715,838	96.39	99.30	1,767,539	8.90
2013	19,912,599	19,328,189	557,838	19,886,027	97.07	99.87	1,655,020	8.31
2014	20,624,523	20,036,111	664,806	20,700,917	97.15	100.37	1,578,626	7.65
2015	22,471,605	21,894,481	502,738	22,397,219	97.43	99.67	577,124	2.57
2016	23,144,351	22,552,544	568,990	23,121,534	97.44	99.90	591,807	2.56
2017	24,162,398	23,668,350	558,846	24,227,196	97.96	100.27	494,048	2.04

TABLE 3

TOWN OF OLD ORCHARD BEACH, MAINE

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Years Ended	Assessed Value - Real Estate	Assessed Value - Personal Property	Total Assessed Value	Estimated Actual Valuation	Ratio	State Equalized Valuation	Ratio
2008	\$ 1,418,164,600	\$ 23,691,240	\$ 1,441,855,840	\$ 1,441,855,840	100.0	\$ 1,565,250,000	92.12
2009	1,439,858,170	25,294,968	1,465,153,138	1,465,153,138	100.0	1,575,350,000	93.00
2010	1,452,628,540	25,890,720	1,478,519,260	1,478,519,260	104.0	1,533,750,000	96.40
2011	1,465,055,000	26,354,500	1,491,409,500	1,491,409,500	101.9	1,531,150,000	97.40
2012	1,462,394,400	25,894,370	1,488,288,770	1,488,288,770	100.0	1,508,700,000	98.65
2013	1,456,932,300	24,658,400	1,481,590,700	1,481,590,700	100.0	1,457,100,000	101.68
2014	1,469,603,400	24,927,250	1,494,530,650	1,494,530,650	100.0	1,455,600,000	102.67
2015	1,483,197,090	27,051,400	1,510,248,490	1,510,248,490	100.0	1,494,200,000	101.07
2016	1,497,609,370	27,051,400	1,524,660,770	1,524,660,770	100.0	1,554,450,000	98.08
2017	1,531,444,770	31,453,520	1,562,897,690	1,562,897,690	100.0	1,611,300,000	97.00

NOTE: The Town did a revaluation that became effective in 2006.

TABLE 4

TOWN OF OLD ORCHARD BEACH, MAINE

PROPERTY TAX RATED – ALL OVERLAPPING GOVERNMENTS
 (PER \$1,000 OF ASSESSED VALUE)
 LAST TEN FISCAL YEARS

Years Ended					
	Town	County	School	Water Quality Control	Total
2008	\$ 4.73	\$ 0.43	\$ 5.94	1.46	\$ 12.56
2009	4.85	0.40	6.40	1.29	12.94
2010	4.45	0.51	6.76	1.22	12.94
2011	5.10	0.52	6.24	1.54	13.40
2012	5.70	0.53	5.63	1.54	13.40
2013	5.24	0.54	6.18	1.48	13.44
2014	5.81	0.60	6.34	1.05	13.80
2015	5.95	0.59	7.29	1.05	14.88
2016	5.83	0.60	7.44	1.31	15.18
2017	6.16	0.60	7.60	1.10	15.46

TABLE 5

TOWN OF OLD ORCHARD BEACH, MAINE

RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE AND
GENERAL BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

Years Ended	Estimated Population	Assessed Value (in thousands)	Gross Bonded Debt *	Ratio of Bonded Debt to Assessed Value	Gross Bonded Debt Per Capita	Estimated Average Population **	Gross Bonded Debt Per Estimated Average Population
2008	8,800	\$ 1,441,856	\$ 8,280,000	0.57	\$ 941	25,467	\$ 325
2009	8,800	1,465,153	12,290,000	0.84	1,397	25,467	483
2010	8,800	1,478,519	13,200,000	0.89	1,500	25,467	518
2011	8,624	1,491,410	11,605,000	0.78	1,346	25,291	459
2012	8,624	1,488,289	9,840,000	0.66	1,141	25,291	389
2013	8,624	1,481,591	8,688,200	0.59	1,007	25,291	344
2014	8,624	1,494,531	10,060,160	0.67	1,167	25,291	398
2015	8,624	1,510,188	9,302,880	0.62	1,079	25,291	368
2016	8,624	1,524,661	9,716,550	0.64	1,127	25,291	384
2017	8,624	1,524,661	9,716,550	0.64	1,127	25,291	384

* Includes all long term general obligation debt excluding accrued vacation and sick leave. Certain school debt is reimbursed by the State of Maine.

** Includes estimated population for twelve months plus 100,000 seasonal population for two months.

TABLE 6

TOWN OF OLD ORCHARD BEACH, MAINE

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BONDED
DEBT TO TOTAL GENERAL FUND EXPENDITURES
LAST TEN FISCAL YEARS

Years Ended	Municipal			Total General Expenditures and Transfers	Ratio
	Principal	Interest	Total		
2008	\$ 1,150,000	\$ 371,034	\$ 1,521,034	\$ 23,512,985	6.47
2009	1,299,946	426,983	1,726,929	24,106,607	7.16
2010	1,636,683	490,798	2,127,481	24,066,937	8.84
2011	1,653,861	500,529	2,154,390	23,986,218	8.98
2012 *	2,759,715	453,055	3,212,770	24,439,087	13.15
2013	1,151,800	380,901	1,532,701	24,237,913	6.32
2014 **	2,358,040	373,452	2,731,492	27,206,767	10.04
2015	757,280	318,831	1,076,111	26,818,175	4.01
2016	786,330	227,704	1,014,034	27,239,942	3.72
2017	788,590	296,857	1,085,447	27,100,643	4.01

* Includes early payoff of 1998 bond issuance.

** Includes early payoff of 2003 bond issuance.

TABLE 7

TOWN OF OLD ORCHARD BEACH, MAINE

TEN LARGEST TAXPAYERS
FOR THE YEAR ENDED JUNE 30, 2017

<u>Taxpayer</u>	<u>Nature of Business</u>	<u>Taxes</u>	<u>% of Net Tax Levy</u>
Central Maine Power	Utility	\$ 270,425	1.12
Sun Wild Acres	Resort	154,935	0.64
Palace Playland Associates	Amusements	110,361	0.46
Lafayette Old Orchard LLC	Resort	103,672	0.43
MHC Pinehurst LLC	Resort	101,461	0.42
Seagate Limited Partnership	Mobil Home Park	94,539	0.39
Taurus Capital Group		93,773	0.39
Alouette Atlantic Resorts LLC	Resort	92,740	0.38
Sun Wagon Wheel RV LLC	Resort	75,479	0.31
Birch Ridge Limited	Apartments	74,304	0.31



Proven Expertise and Integrity

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Town Council
Town of Old Orchard Beach
Old Orchard Beach, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Old Orchard Beach, Maine, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town of Old Orchard Beach, Maine's basic financial statements and have issued our report thereon December 13, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of North Berwick's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Old Orchard Beach's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Old Orchard Beach's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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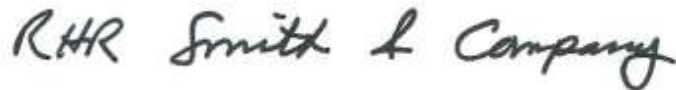
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Old Orchard Beach's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "RHR Smith & Company".

Buxton, Maine
December 13, 2017